The State of Illinois, Department of Public Aid, DPA, proposes a section 1115 demonstration entitled ***KidCare Parent Coverage***, which will increase the number of individuals with health insurance coverage.

I. General Description of Program

KidCare Parent Coverage, known as FamilyCare and scheduled to begin October 2002, will make health insurance coverage available to KidCare parents and other residents of Illinois. Illinois will begin parent coverage with an expansion of coverage to include parents with income at or below 55% of poverty. This expansion is estimated to make coverage available to 48,000 adults. Further expansion will be determined by available state resources.

Throughout this document, the terms "Federal Poverty Level", "FPL", and "poverty" shall refer to the Department of Health and Human Services federal poverty guidelines. The increased coverage will be funded by State General Revenue and Federal funds.

II. Definitions

Income: In the context of the HIFA demonstration, income limits for coverage expansions are expressed in terms of gross income, excluding sources of income that cannot be counted pursuant to other statutes (such as Agent Orange payments.)

> ***In determining eligibility for parents and children, Illinois will use gross income with several deductions. This includes $90 a month per employed adult, day care expenses up to a limit, child and spousal support paid, and the first $50 of child support received. Using this methodology will allow an income determination process that is consistent with Medicaid and SCHIP and does not create overlap.***
>
> ***In determining eligibility for ICHIP, Renal Program and Hemophilia Program enrollees, Illinois will use gross income with a standard deduction equal to the dollar difference between 185% and 230% FPL, by family size.***

Mandatory Populations: Refers to those eligibility groups that a State must cover in its Medicaid State Plan, as specified in Section 1902(a)(10) and described at 42 CFR Part 435, Subpart B. For example, States currently must cover children under age 6 and pregnant women up to 133 percent of poverty.

Optional Populations: Refers to eligibility groups that can be covered under a Medicaid or SCHIP State Plan, i.e., those that do not require a section 1115 demonstration to receive coverage and who have incomes above the mandatory population poverty levels. Groups are considered optional if they can be included in the State Plan, regardless of whether they are included. The Medicaid optional groups are described at 42 CFR Part 435, Subpart C. Examples include children covered in Medicaid above the mandatory levels, children covered under SCHIP, and parents covered under Medicaid. For purposes of the HIFA demonstrations, Section 1902(r)(2) and Section 1931 expansions constitute optional populations.

Expansion Populations: Refers to any individuals who cannot be covered in an eligibility group under Title XIX or Title XXI and who can only be covered under Medicaid or SCHIP through the section 1115 waiver authority. Examples include childless non-disabled adults under Medicaid.

Private health insurance coverage: This term refers to both group health plan coverage and health insurance coverage as defined in section 2791 of the Public Health Service Act. ***(Throughout the waiver, Illinois uses the terms "private insurance" and employer-based insurance" interchangeably.) Illinois' Rebate program will include families with private insurance coverage as well as employer-sponsored insurance.***

III. HIFA DEMONSTRATION STANDARD FEATURES

Please place a check mark beside each feature to acknowledge agreement with the standard features.

__✓__ The HIFA demonstration will be subject to Special Terms and Conditions (STCs). The core set of STCs is included in the application package. ***Illinois did not receive the core set of STC's with this waiver template***. Depending upon the design of its demonstration, additional STCs may apply.

__✓__ Federal financial participation (FFP) will not be claimed for any existing State-funded ***program other than the Illinois Comprehensive Health Insurance Plan, State Hemophilia Program, State Renal Program, and KidCare Rebate***. If the State is seeking to expand participation or benefits in a State-funded program, a maintenance of effort requirement will apply.

> ***Illinois' proposed HIFA plan, when implemented in full, will result in a substantial increase in state funding for health benefits programs.***

__✓__ Any eligibility expansion will be statewide, even if other features of the demonstration are being phased-in.

__✓__ HIFA demonstrations will not result in changes to the rate for Federal matching payments for program expenditures. If individuals are enrolled in both Medicaid and SCHIP programs under a HIFA demonstration, the Medicaid match rate will apply to FFP for Medicaid eligibles, and the SCHIP enhanced match rate will apply to SCHIP eligibles.

__✓__ Premium collections and other offsets will be used to reduce overall program expenditures before the State claims Federal match. Federal financial payments will not be provided for expenditures financed by collections in the form of pharmacy rebates, third party liability or premium and cost sharing contributions made by or on behalf of program participants.

__✓__ The State has utilized a public process to allow beneficiaries and other interested stakeholders to comment on its proposed HIFA demonstration.

> ***The Parent Coverage proposal, submitted to CMS as a "concept paper" in November 2001 was widely distributed to interested parties during December and January. A few concerns were raised and addressed in this waiver submission. Overall, the response has been very favorable. In response to the proposal, DPA received letters of support from a variety of organizations; these were submitted to CMS in February. Illinois received no letters of opposition to the proposal.***

IV. STATE SPECIFIC ELEMENTS

A. Upper income limit

The upper income limit for the eligibility expansion under the demonstration is 185 % of poverty for KidCare parents. This income threshold is based on countable income that consists of total income minus several deductions as used for in the current Illinois Medicaid and SCHIP plans.

Attachment B summarizes eligibility standards for Illinois programs that serve low-income and uninsurable individuals:

Illinois Comprehensive Health Insurance Program,
State Hemophilia Program,
State Renal Program,
KidCare Rebate, and
Parents and Children with Access to State Employee Insurance.

If the upper income limit is above 200 percent of the FPL, the State will demonstrate that focusing resources on populations below 200 percent of the FPL is unnecessary because the State already has high coverage rates in this income range, and covering individuals above 200 percent of the FPL under the demonstration will not induce individuals with private health insurance coverage to drop their current coverage. (Please include a detailed description of your approach as Attachment A to the proposal.)

B. Eligibility

Please indicate with check marks which populations you are proposing to include in your HIFA demonstration.

Illinois proposes to expand coverage to seven new groups.

- ***Insured Children and Parents in the KidCare Rebate Program.***
- ***Children and Parents with incomes up to 185% of the FPL who are not otherwise eligible for Medicaid and are not eligible under the separate child health program due to eligibility for health benefits coverage under a State health benefits plan on the basis of a family member's employment with a public agency.***
- ***Optional Medicaid eligibles choosing premium assistance for employer-sponsored insurance. This population may elect direct State coverage at any time.***
- ***Uninsured Parents with incomes below 185 percent of the Federal poverty level.***
- ***Participants in the renal dialysis coverage program with incomes below 185 percent of the Federal poverty level.***
- ***Participants in the hemophilia program with incomes below 185 percent of the Federal poverty level.***
- ***Participants in the Illinois Comprehensive Health Insurance program with incomes below 185 percent of the Federal poverty level.***

Mandatory Populations (as specified in Title XIX.)

_____ Section 1931 Families

_____ Blind and Disabled

_____ Aged

_____ Poverty-related Children and Pregnant Women

Optional Populations (included in the existing Medicaid State Plan)

Categorical

__✓__ Children and pregnant women covered in Medicaid above the mandatory level
Insured children will have the option to choose Rebate premium assistance.

__✓__ Parents covered under Medicaid
Insured children will have the option to choose Rebate premium assistance.

__✓__ Children covered under SCHIP
Insured children will have the option to choose Rebate premium assistance.

_____ Parents covered under SCHIP

_____ Other (please specify)

Medically Needy

__✓__ TANF Related
Insured parents will have the option to choose Rebate premium assistance.

_____ Blind and Disabled

_____ Aged

_____ *Title XXI children (Separate SCHIP Program)*

_____ *Title XXI parents (Separate SCHIP Program)*

Additional Optional Populations (not included in the existing Medicaid or SCHIP State Plan.) If the demonstration includes optional populations not previously included in the State Plan, the optional eligibility expansion must be statewide in order for the State to include the cost of the expansion in determining the annual budget limit for the demonstration.)

Populations that can be covered under a Medicaid or SCHIP State Plan

_____ Children above the income level specified in the State Plan
This category will include children from _____percent of the FPL through _____percent of the FPL.

_____ Pregnant women above the income level specified in the State Plan
This category will include individuals from _____percent of the FPL through _____percent of the FPL.

__✓__ Parents above the current level specified in the State Plan
This category will include individuals from the MANG standard through 185 percent of the FPL. Insured parents will be eligible for Rebate premium assistance but may choose direct coverage if they drop their insurance.

Existing Expansion Populations

Populations that are not defined as an eligibility group under Title XIX or Title XXI, but are already receiving coverage in the State by virtue of an existing section 1115 demonstration.

_____ Childless Adults (This category will include individuals from _____percent of the FPL through _____percent of the FPL.)

_____ Pregnant Women in SCHIP (This category will include individuals from _____percent of the FPL through _____percent of the FPL.)

_____ Other. Please specify: _____
_____
_____
(If additional space is needed, please include a detailed discussion as Attachment B to your proposal and specify the upper income limits.)

New Expansion Populations

Populations that are not defined as an eligibility group under Title XIX or Title XXI, and will be covered only as a result of the new HIFA demonstration.

_____ Childless Adults (This category will include individuals from _____percent of the FPL through _____percent of the FPL.)

_____ Pregnant Women in SCHIP (This category will include individuals from _____percent of the FPL through _____percent of the FPL.)

__✓__ Other. Please specify:
- ***Uninsurable individuals,***
- ***Persons with hemophilia,***
- ***Persons needing renal dialysis,***
- ***Insured children with income between 133 & 185% of poverty who are currently ineligible for SCHIP (eligible for Rebate premium assistance but may choose direct coverage if they drop their insurance), and***
- ***Children with income between 133 & 185% of poverty and parents with income between the MANG standard and 185% of poverty who are ineligible for SCHIP because of a family member's access to state employee insurance***.

C. Enrollment/Expenditure Cap

_____ No

__✓__ Yes

(If Yes) Number of participants _____
or dollar limit of demonstration _____

The expenditure cap for KidCare parent coverage and KidCare Rebate will be determined by state appropriation and available federal allotment amounts for each state fiscal year.

D. Phase-in

Please indicate below whether the demonstration will be implemented at once or phased in.

_____ The HIFA demonstration will be implemented at once.

__✓__ The HIFA demonstration will be phased-in.

If applicable, please provide a brief description of the State's phase-in approach (including a timeline):

Legislation passed this year by the Illinois General Assembly gives the Department of Public Aid authority to expand coverage to parents with income above the MANG standard up to 65% of poverty. Illinois will begin parent coverage in State Fiscal Year 2003 by covering parents up to 55% of poverty. Depending on enrollment experience and available state funding, the Department will further expand coverage up to 65% of poverty and will seek legislative authority to expand coverage beyond 65% of poverty in subsequent years.

E. Benefit Package

Please use check marks to indicate which benefit packages you are proposing to provide to the various populations included in your HIFA demonstration.

1. Mandatory Populations

_____ The benefit package specified in the Medicaid State Plan as of the date of the HIFA application.

2. Optional populations included in the existing Medicaid State Plan

__✓__ The same coverage provided under the State's approved Medicaid State plan. ***Families will also have the option to choose premium assistance for private insurance in lieu of direct coverage.***
_____ The benefit package for the health insurance plan that is offered by an HMO and has the largest commercial, non-Medicaid enrollment in the State
_____ The standard Blue Cross/Blue Shield preferred provider option service benefit plan that is described in, and offered to Federal employees under 5 U.S.C. 8903(1). (Federal Employees Health Benefit Plan (FEHBP))
_____ A health benefits coverage plan that is offered and generally available to State employees
A benefit package that is actuarially equivalent to one of those listed above
_____ Secretary approved coverage. (The proposed benefit package is described in Attachment D.)

Note: For Secretary approved coverage, benefit packages must include these basic services: inpatient and outpatient hospital services, physicians surgical and medical services, laboratory and x-ray services, well-baby and well-child care, including age appropriate immunizations.

3. SCHIP populations, if they are to be included in the HIFA demonstration

States with approved SCHIP plans may provide the benefit package specified in Medicaid State plan, or may choose another option specified in Title XXI. (If the State is proposing to change its existing SCHIP State Plan as part of implementing a HIFA demonstration, a corresponding plan amendment must be submitted.) SCHIP coverage will consist of:

_____ The same coverage provided under the State's approved Medicaid State plan.
_____ The benefit package for the health insurance plan this is offered by an HMO and has the largest commercial, non-Medicaid enrollment in the State
_____ The standard Blue Cross/Blue Shield preferred provider option service benefit plan that is described in, and offered to Federal employees under 5 U.S.C. 8903(1). (Federal Employees Health Benefit Plan (FEHBP))
_____ A health benefits coverage plan that is offered and generally available to State employees
_____ A benefit package that is actuarially equivalent to one of those listed above
_____ Secretary approved coverage as contained in the approved Title XXI state plan amendment..

Note: For Secretary approved coverage, benefit packages must include these basic services: inpatient and outpatient hospital services, physicians surgical and medical services, laboratory and x-ray services, well-baby and well-child care, including age appropriate immunizations.

4. New optional populations to be covered as a result of the HIFA demonstration

_____ The same coverage provided under the State's approved Medicaid State plan.
_____ The benefit package for the health insurance plan this is offered by an HMO and has the largest commercial, non-Medicaid enrollment in the State
_____ The standard Blue Cross/Blue Shield preferred provider option service benefit plan that is described in, and offered to Federal employees under 5 U.S.C. 8903(1). (Federal Employees Health Benefit Plan (FEHBP))
_____ A health benefits coverage plan that is offered and generally available to State employees
_____ A benefit package that is actuarially equivalent to one of those listed above
__✓__ Secretary approved coverage. (The proposed benefit package is described in Attachment D.)
Insured parents will be eligible for Rebate premium assistance but may choose direct coverage if they drop their insurance. Uninsured parents may choose between Rebate and direct coverage.

Note: For Secretary approved coverage, benefit packages must include these basic services: inpatient and outpatient hospital services, physicians surgical and medical services, laboratory and x-ray services, well-baby and well-child care, including age appropriate immunizations.

5. Expansion Populations

States have flexibility in designing the benefit package, however, the benefit package must be comprehensive enough to be consistent with the goal of increasing the number of insured persons in the State. The benefit package for this population must include a basic primary care package, which means health care services customarily furnished by or through a general practitioner, family physician, internal medicine physician, obstetrician/gynecologist, or pediatrician. With this definition states have flexibility to tailor the individual definition to adapt to the demonstration intervention and may establish limits on the types of providers and the types of services. Please check the services to be included.

Illinois Comprehensive Health Insurance Program

__✓__ ***Inpatient***

__✓__ ***Outpatient***

__✓__ ***Physician's Surgical and Medical Services***

__✓__ ***Laboratory and X-ray Services***

__✓__ ***Pharmacy***

__✓__ ***Other***

Hemophilia Services

For patients under 21 years of age, the Department only covers the cost of blood clotting factor. The University of Illinois, Division of Specialized Services for Children, covers all other services.

For patients 21 or older, the Department will cover the cost of selected primary care services and the cost of the following services as used in the treatment of eligible persons for hemophilia:

- ***Blood derivatives and coagulant factor replacement for use in hospitals, in medical and dental facilities, or at home,***
- ***Outpatient hospital hemophilia-related medical services,***
- ***Physician visits for hemophilia-related medical services,***
- ***Comprehensive Evaluations at a certified hemophilia center, and***
- ***Medical supplies and appliances used in the treatment of eligible persons for hemophilia.***

Renal Services

Assistance for eligible patients for costs associated with:

- ***Outpatient or home renal dialysis procedures,***
- ***Prescribed medication and/or transportation to and from the site of dialysis or the site of outpatient post transplantation care when such needs are defined as emergency situations by the physician and social worker in the approved facility, and***
- ***Laboratory tests related to the patient's status after transplantation.***

Insured children and parents will choose between:

- ***Premium assistance for private health insurance coverage, and***
- ***The benefit package specified in the approved Title XIX state plan and the amendment to Illinois' Title XXI State Plan, whichever is applicable, if they drop their insurance.***

Children with income between 133% and 185% of poverty and parents with income between the MANG standard and 185% of poverty with access to state employee insurance will choose between:

- ***Premium assistance for private health insurance coverage, and***
- ***The benefit package specified in the approved Title XIX state plan and the amendment to Illinois' Title XXI State Plan, whichever is applicable, if they drop their insurance.***

Please include a detailed description of any Secretary approved coverage or flexible expansion benefit package as Attachment C to your proposal. Please include a discussion of whether different benefit packages will be available to different expansion populations.

F. Coverage Vehicle

Please check the coverage vehicle(s) for all applicable eligibility categories in the chart below (check multiple boxes if more than one coverage vehicle will be used within a category):

Eligibility Category	Fee-For- Service	Medicaid or SCHIP Managed Care	Private health insurance coverage	Group health plan coverage	Other (specify)
Mandatory					
Optional – Existing	✓ ***Parents and children (existing)***	✓ ***Parents and children (existing)***	✓ ***Parents and children (premium asst.)***		
Optional – Additional	✓ ***Parents***	✓ ***Parents***	✓***Parents (premium asst.)***		
Title XXI – Medicaid Expansion	✓ ***children (existing)***	✓ ***children (existing)***	✓ ***Children (premium asst.)***		
Title XXI – Separate SCHIP					
Existing section 1115 expansion					
New HIFA Expansion	✓ ***Renal*** ✓ ***Hemophilia*** ✓ ***Children and parents who have access to state employee insurance.***	✓ ***Children and parents who have access to state employee insurance.***	✓ ***Uninsurable.*** ✓ ***Insured children and parents (premium asst.)*** ✓ ***Children and parents who have access to state employee insurance. (premium asst.)***		

Please include a detailed description of any private health insurance coverage options as Attachment D to your proposal.

G. Private health insurance coverage options

Coordination with private health insurance coverage is an important feature of a HIFA demonstration. One way to achieve this goal is by providing premium assistance or "buying into" employer-sponsored insurance policies. Description of additional activities may be provided in Attachment D to the State's application for a HIFA demonstration. If the State is employing premium assistance, please use the section below to provide details.

__✓__ As part of the demonstration the State will be providing premium assistance for private health insurance coverage under the demonstration. Provide the information below for the relevant demonstration population(s):

The State elects to provide the following coverage in its premium assistance program: (Check all applicable, and describe benefits and wraparound arrangements, if applicable, in Attachment D to the proposal if necessary. If the State is offering different arrangements to different populations, please explain in Attachment D.)

____ The same coverage provided under the State's approved Medicaid plan.

____ The same coverage provided under the State's approved SCHIP plan.

____ The benefit package for the health insurance plan that is offered by an HMO, and has the largest commercial, non-Medicaid enrollment in the State.

____ The standard Blue Cross/Blue Shield preferred provider option service benefit plan that is described in, and offered to Federal employees under 5 U.S.C. 8903(1). (Federal Employees Health Benefit Plan (FEHBP))

____ A health benefits coverage plan that is offered and generally available to State employees.

____ A benefit package that is actuarially equivalent to one of those listed above (please specify).

____ Secretary-Approved coverage.

__✓__ Other coverage defined by the State. (A copy of the benefits description must be included in Attachment D.)

_____The State assures that it will monitor aggregate costs for enrollees in the premium assistance program for private health insurance coverage to ensure that costs are not significantly higher than costs would be for coverage in the direct coverage program. (A description of the Monitoring Plan will be included in Attachment D.)

_____The State assures that it will monitor changes in employer contribution levels or the degree of substitution of coverage and be prepared to make modifications in its premium assistance program. (Description will be included as part of the Monitoring Plan.)

H. Cost Sharing

Please check the cost sharing rules for all applicable eligibility categories in the chart below:

Eligibility Category	Nominal Amounts Per Regulation	Up to 5 Percent of Family Income	State Defined
Mandatory			
Optional – Existing	✓		***✓ Premium Asst. for Parents and children***
Optional - Additional	***✓ parents (other than pregnant women)***	***✓ parents***	***✓ Premium Asst. for Parents***
Title XXI – Medicaid Expansion			***✓ Premium Asst. for Children***
Title XXI – Separate SCHIP			***✓ Premium Asst. for Children***
Existing section 1115 Expansion			
New HIFA Expansion		***✓ uninsured children and parents with access to state employee insurance***	***✓ Uninsurable*** ***✓ Renal*** ***✓ Hemophilia*** ***✓ Premium Asst. for Insured Children*** ***✓ Premium Asst. for Children***

			and Parents with access to state employee insurance

Cost-sharing for children
Only those cost-sharing amounts that can be attributed directly to the child (i.e. co-payments for the child's physician visits or prescription drugs) must be counted against the cap of up to five percent of family income. Cost-sharing amounts that are assessed to a family group that includes adults, such as family premiums, do not need to be counted as 'child cost-sharing' for the purposes of the up to five percent cost-sharing limit. A premium covering only the children in a family must be counted against the cap.

Below, please provide a brief description of the methodology that will be used to monitor child-only cost-sharing expenses when the child is covered as part of the entire family and how those expenses will be limited to up to five percent of the family's income.

Any State defined cost sharing must be described in Attachment E. In addition, if cost sharing limits will differ for participants in a premium assistance program or other private health insurance coverage option, the limits must be specified in detail in Attachment E to your proposal.

V. Accountability and Monitoring

Please provide information on the following areas:

1. Insurance Coverage

The rate of uninsurance in your State as of ***1998 to 2000*** for individuals below 200 percent of poverty and any other groups that will be covered under the demonstration project.

> ***According to the Commonwealth Fund, in a 5-30-01 publication, entitled "Health Insurance is a Family Affair: Insuring Parents is Key to Insuring Children", 1998 to 2000 Current Population survey data indicates that 29% of low-income Illinois parents and 24% of low-income Illinois children are uninsured.***

_____

The coverage rates in your State for the insurance categories for individuals below 200 percent of poverty and any other groups that will be covered under the demonstration project:

Private Health Insurance Coverage Under a Group Health Plan
_____

Other Private Health Insurance Coverage _____

Medicaid (please separately identify enrollment in any section 1906 or section 1115 premium assistance)
_____

_____
SCHIP (please separately identify any premium assistance)

_____

Medicare _____

Other Insurance _____

Indicate the data source used to collect the insurance information presented above (the State may use different data sources for different categories of coverage, as appropriate):

__✓__ The Current Population Survey

_____ Other National Survey (please specify_____)

_____ State Survey (please specify_____)

_____ Administrative records (please specify_____)

_____ Other (please specify_____)

Adjustments were made to the Current Population Survey or another national survey.

_____ Yes __✓__ No

If yes, a description of the adjustments must be included in Attachment F.

A State survey was used.

_____ Yes __✓__ No

If yes, provide further details regarding the sample size of the survey and other important design features in Attachment F.

If a State survey is used, it must continue to be administered through the life of the demonstration so that the State will be able to evaluate the impact of the demonstration on coverage using comparable data.

2. State Coverage Goals and State Progress Reports

The goal of the HIFA demonstration is to reduce the uninsured rate. For example, if a State was providing Medicaid coverage to families, a coverage goal could be that the State expects the uninsured rate for families to decrease by 5 percent. Please specify the State's goal for reducing the uninsured rate:

Illinois is conducting a population survey to determine the estimated number of parents that will be eligible for this expansion. The results of the survey will determine the targets that Illinois should set for reducing the State's rate of uninsurance. With the magnitude of this proposal, absent other factors, it will have the effect of reducing the uninsurance rate.

Attachment F must include the State's Plan to track changes in the uninsured rate and trends in sources of insurance as listed above. States should monitor whether there are unintended consequences of the

demonstration such as high levels of substitution of private coverage and major decreases in employer contribution levels. (See the attached Special Terms and Conditions.)

__✓__ Annual progress reports will be submitted to CMS six months after the end of each demonstration year which provide the information described in this plan for monitoring the uninsured rate and trends in sources of insurance coverage.

States are encouraged to develop performance measures related to issues such as access to care, quality of services provided, preventative care, and enrollee satisfaction. The performance plan must be provided in Attachment F.

VI. PROGRAM COSTS

A requirement of HIFA demonstrations is that they not result in an increase in federal costs compared to costs in the absence of the demonstration. Please submit expenditure data as Attachment G to your proposal. For your convenience, a sample worksheet for submission of base year data is included as part of the application packet.

The base year will be trended forward according to one of the growth rates specified below. Please designate the preferred option:

_____ Medical Care Consumer Price Index, published by the Bureau of Labor Statistics. (Available at http://stats.bls.gov.) The Medical Care Consumer Price Index will only be offered to States proposing statewide demonstrations under the HIFA initiative. If the State chooses this option, it will not need to submit detailed historical data.

__✓__ Medicaid-specific growth rate. States choosing this option should submit five years of historical data for the eligibility groups included in the demonstration proposal for assessment by CMS staff, with quantified explanations of trend anomalies. A sample worksheet for submission of this information is included with this application package. The policy for trend rates in HIFA demonstrations is that trend rates are the lower of State specific history or the President's Budget Medicaid baseline for the eligibility groups covered by a State's proposal. This option will lengthen the review time for a State's HIFA proposal because of the data generation and assessment required to establish a State specific trend factor.

Illinois bases the estimated annual increase of 4% on the average annual increase in Medicaid spending for KidCare Assist and TANF families since state fiscal year 1996. Annual spending amounts are listed below.

FY96	***$1.681 billion***	***FY99***	***$1.569 billion***
FY97	***1.503***	***FY00***	***1.735***
FY98	***1.503***	***FY01***	***1.982***

The State estimates the federal cost of this program will be $607 million over its five year approval period.

VII. WAIVERS AND EXPENDITURE AUTHORITY REQUESTED

A. Waivers

With an overall goal of a seamless program, Illinois will expand coverage and coordinate benefits among enrolled family members and between state-administered and employer-based coverage by:

- ***Expanding health care coverage to parents of SCHIP and Medicaid children.***
- ***Waiving Title XXI requirements to include employer-based insurance for optional categories of uninsured parents and children.***
- ***Waiving Title XIX requirements to allow employer-based coverage options for insured Medicaid parents and children.***
- ***Waiving Title XIX cost-sharing requirements for children with family income between 133% and 185% of poverty who have access to state employee insurance.***
- ***Partnering with the federal government to provide medical benefits to uninsurable persons, including persons with hemophilia and those needing renal dialysis.***

By using these approaches, the State will be able to build on its current Medicaid and SCHIP programs that deliver quality care to over 1.6 million individuals statewide. This will continue the expansion of health care benefits to more Illinoisans.

The following waivers are requested pursuant to the authority of section 1115(a)(1) of the Social Security Act (Please check all applicable):

Title XIX:

_____ **Statewideness 1902(a)(1)**

To enable the State to phase in the operation of the demonstration.

__✓__ **Amount, Duration, and Scope 1902(a)(10)(B)**

To permit the provision of different benefit packages to different populations in the demonstration. Benefits (i.e., amount, duration and scope) may vary by individual based on eligibility category.

_____ **Freedom of Choice 1902(a)(23)**
To enable the State to restrict the choice of provider.

Title XXI:

__✓__ **Benefit Package Requirements 2103**

To permit the State to offer a benefit package that does not meet the requirements of section 2103.

__✓__ **Cost Sharing Requirements 2103(e)**

To permit the State to impose cost sharing in excess of statutory limits.

__✓__ **Section 1902 (a) (34)**
To permit the State to deny backdated Medicaid eligibility only for months during which the covered individual received KidCare Rebate coverage.

B. Expenditure Authority

Expenditure authority is requested under Section 1115(a)(2) of the Social Security Act to allow the following expenditures (which are not otherwise included as expenditures under Section 1903 or Section 2105) to be regarded as expenditures under the State's Title XIX or Title XXI plan.

Note: Checking the appropriate box(es) will allow the State to claim Federal Financial Participation for expenditures that otherwise would not be eligible for Federal match.

Title XIX:

__✓__ Expenditures to provide services to populations not otherwise eligible to be covered under the Medicaid State Plan.

Coverage for children with income between 133% and 185% of poverty and parents with income between the MANG standard and 185% of poverty, who have access to state employee insurance, would be by direct coverage or premium assistance.

__✓__ Expenditures related to providing 12 months of guaranteed eligibility to ***some*** demonstration participants.

__✓__ Expenditures related to coverage of individuals for whom cost-sharing rules not otherwise allowable in the Medicaid program apply.

Title XXI:

__✓__ Expenditures to provide services to populations not otherwise eligible under a State child health plan.

__✓__ Expenditures that would not be payable because of the operation of the limitations at 2105(c)(2) because they are not for targeted low-income children.

__✓__ ***Authority to use a survey to determine percent of ICHIP persons with countable income at or below 185% FPL. This percentage would be used to determine the portion of quarterly ICHIP expenses that are federally claimable.***

If additional waivers or expenditure authority are desired, please include a detailed request and justification as Attachment H to the proposal.

VIII. ATTACHMENTS

Place check marks beside the attachments you are including with your application.

__✓__ Attachment A: Discussion of how the State will ensure that covering individuals above 200 percent of poverty under the waiver will not induce individuals with private health insurance coverage to drop their current coverage.

__✓__ Attachment B: Detailed description of expansion populations included in the demonstration.

__✓__ Attachment C: Benefit package description.

__✓__ Attachment D: Detailed description of private health insurance coverage options, including premium assistance if applicable.

__✓__ Attachment E: Detailed discussion of cost sharing limits.

__✓__ Attachment F: Additional detail regarding measuring progress toward reducing the rate of uninsurance.

✓ Attachment G: Budget worksheets.

✓ Attachment H: Additional waivers or expenditure authority request and justification.

IX. SIGNATURE

6/25/02 — Date

Jackie Garner, Director — Name of Authorizing State Official (Typed)

_____

Signature of Authorizing State Official

Attachment A

Covering Individuals Above 200% of Poverty

Illinois' Parent Coverage proposal does not include HIFA coverage for individuals with countable income over 185% of poverty.

Attachment B

Expansion Populations Included in the Demonstration

Illinois' HIFA waiver proposal includes coverage for populations that are at substantial risk of uninsurance. Low-income families and persons with serious medical conditions are at high risk of losing health care coverage due to the prohibitive cost of purchasing insurance. Thus the parent coverage proposal will offer coverage to low-income families and persons with serious medical conditions regardless of their current coverage. By providing coverage to the uninsured and protecting those in optional coverage categories who are currently insured from becoming uninsured, Illinois will reduce the number of uninsured persons and prevent low-income families and persons with serious medical conditions from cycling on and off insurance.

1. Parents of KidCare Eligible Children (Optional – Additional Population)

Illinois seeks to decrease the number of uninsured persons by covering parents of SCHIP and Medicaid children up to 185% of the FPL. This expansion will make an estimated 335,089 parents eligible for KidCare. Assuming a 80% participation rate, 268,071 are expected to be covered. For this proposal, as it does now under Medicaid, Illinois will include parents, parents' spouses, and other specified relatives.

To be eligible, these designated adults must:

- Live with children eligible for KidCare (SCHIP or Medicaid), based on non-financial factors.
- Be a US citizen or qualified legal immigrant. (Adults subject to the five-year bar will not be eligible.)
- Live in Illinois.
- Have countable family income at or below 185% of poverty.
- Not be an inmate of a public institution.
- Not be a resident of an Institute for Mental Disease at the time of application.

Coverage for these adults will not be considered an entitlement.

2. Uninsurable Individuals Covered by the Illinois Comprehensive Health Insurance Plan (Expansion - New Population)

Illinois proposes to provide HIFA coverage to approximately ***1,820*** of the 5,700 uninsurable individuals in the Illinois Comprehensive Health Insurance Plan, ICHIP, who have countable income within 185% of poverty. Individuals in ICHIP's Traditional Plan have serious medical conditions and are uninsurable in the private market. ICHIP coverage is funded by premiums paid by participants and various funds.

To be eligible for ICHIP, individuals must:

- Be an Illinois resident.
- Have applied for individual health coverage and been rejected because of a preexisting condition, or, have a very expensive existing individual policy similar to ICHIP coverage and costing more than ICHIP would cost, or have one of 31 specified medical conditions.
- Not be enrolled in Medicaid.
- Not be eligible for Medicare based on age.
- Not have been previously covered by an employer plan for which the employer cancelled the individual's coverage but not that of the other employees.

A June 2000 survey of 1,325 ICHIP Traditional Plan participants indicates that ICHIP enrollee income is distributed as follows.

25% with income at or below $20,000 a year (133% FPL for a family of four)
34% with income between $20,001 and $40,000 (226% FPL for a family of four)
18% with income between $40,001 and $60,000 (340% FPL for a family of four)
8% with income between $60,001 and $80,000 (453% FPL for a family of four)
6% with income between $80,001 and $100,000 (567% FPL for a family of four)
9% with income over $100,000

Coverage will not be considered an entitlement.

ICHIP persons are uninsurable and, by definition, do not have comprehensive insurance that covers medical services. They might have limited coverage that includes dental or vision services only. Some 794 of the 5700 enrolled are under 65, disabled and receiving Medicare. ICHIP offers Medicare enrollees under 65 a Medicare carve-out plan.

3. State Renal Program – Expansion – New Population

Illinois will include ***1,068*** individuals in the State Renal Program as a HIFA expansion group. To be eligible for the Renal Program individuals must: be Illinois residents; meet citizenship requirements; have a physician's diagnosis of End-Stage Renal Disease; be ineligible for Medicaid or SCHIP; provide information about other insurance coverage and financial information; and, be willing to pay monthly participation fees to the dialysis facility, if required. Coverage will not be considered an entitlement.

The State Renal Program is the payer of last resort. Enrollees are nearly all covered by Medicare. Of 237 persons with taxable income, 193 had Medicare only, 40 had private insurance and Medicare and 4 had neither. For enrollees with Medicare, the State Renal Program pays the enrollee's 20% Medicare cost-sharing.

State Renal Program data indicates the following income distribution. (Adjusted gross income from the tax return is used below.)

96% with income at or below 185% FPL
1% with income between 185 and 200% FPL
1% with income between 200 and 250% FPL
1% with income between 250 and 300% FPL

4. State Hemophilia Program – Expansion – New Population

Illinois will include ***60*** individuals in the State Hemophilia Program as a HIFA expansion group. To be eligible for the Hemophilia Program individuals must: be Illinois residents, have been evaluated by a properly staffed center as having a diagnosis of hemophilia, be ineligible for Medicaid or SCHIP, and, provide financial and insurance information with application to the State. Coverage will not be considered an entitlement.

The State Hemophilia Program is the payer of last resort. Enrollees, for the most part, do not have private insurance or Medicare coverage. Of 46 cases sampled, 30 had no insurance, 13 had private insurance, 2 had Medicare and 1 had private insurance and Medicare.

State Hemophilia Program data for 46 persons indicates the following income distribution. (Base income from the State 1040 tax form is used below.)

87% with income at or below 185% FPL
4% with income between 185 and 200% FPL
4% with income between 200 and 250% FPL
2% with income between 250 and 300% FPL
2% with income between 400 and 500% FPL

5. Program for Insured Children – Expansion – New Population

Illinois will cover optional coverage categories of insured and uninsured children and parents under SCHIP and Medicaid. Some ***5,500*** currently insured children receiving KidCare Rebate will be added as a HIFA expansion group. Insured parents with incomes over the MANG standard are included in the parent coverage group. Insured children with income under 133% are already enrolled in Medicaid and will not be an expansion group. Eligibility standards for KidCare Rebate require qualifying insurance that includes physician and hospital inpatient coverage. All other KidCare eligibility factors apply to this group. Coverage will not be considered an entitlement. Title XIX and XXI cost sharing requirements will be waived.

6. Families with Access to State Employee Insurance

In order to simplify enrollment and outreach, Illinois proposes to include children with access to state employee insurance and income between 133% and 185% of poverty as an eligible group under Medicaid . Illinois will also include parents with access to state employee insurance and income over the MANG standard. These individuals are included in the parent coverage group. Waiver of the state employee prohibition would cover an additional **100** children a year. All other KidCare eligibility requirements will apply to this group. Coverage will not be considered an entitlement and Title XIX cost sharing requirements will be waived.

* Note: Enrollment figures for all expansion populations represent state FY03 estimates and are subject to change for waiver outyears.

The following table summarizes, by KidCare plan, parent and child coverage as proposed.

	KidCare Assist Base	KidCare Assist Expansion	KidCare Share	KidCare Premium	KidCare Rebate	KidCare Moms & Babies
Eligibility						
Children	By age: 0-133, 0-100, 0-about 40%	All ages to 133%	133-150%	150-185%	0% -185% optional categories	0-200% (under age 1)
Parents	0-about 40%	About 40%-133%	133-150%	150-185%	0-185% optional categories	0-200%
Benefits						
Children	Medicaid	Medicaid	Equiv*	Equiv*	Prem. Asst.	Medicaid
Parents	Medicaid	Equiv*	Equiv*	Equiv*	Prem. Asst.	Medicaid
Match Rate						
Children	50%	65%	65%	65%	65% if uninsured; 50% if insured	50%
Parents	50%	65%	65%	65%	65% if uninsured; 50% if insured	50%
Governed By						
Children	XIX	XIX	XXI	XXI	Waivers	XIX
Parents	XIX	HIFA	HIFA	HIFA	Waivers	XIX
Copayments						
Hospital stays	$3 adults only	$3 adults only	$3 adults	$3 adults		
Dr. Visits	$2 adults only	$2 adults only	$2	$5	**	$0
Generic Rx	$1 adults only	$1 adults only	$2	$3	**	$0
Other Rx	$3 adults only	$3 adults only	$2	$5	**	$0
Inapprop. ER	$0	$0	$2	$25	**	$0
Premiums						
1 family member	$0	$0	$0	$15	**	$0
2 family members	$0	$0	$0	$25	**	$0
3 family members	$0	$0	$0	$30	**	$0
4 family members	$0	$0	$0	$35	**	$0
5 or more	$0	$0	$0	$40	**	$0

* Equivalent - Medicaid coverage without HCBS waivers and abortions.
** Copayments and premiums are determined by individual insurance policy provisions.

Attachment C

Benefit Package for Expansion Populations

1. Parents of KidCare Eligible Children (Optional – Additional Population)

Parents who are eligible by means of this HIFA expansion will have the choice of premium assistance for private health insurance or direct coverage. Those who choose premium assistance will receive reimbursement for the portion of private insurance premiums they pay for KidCare enrolled family members, up to a maximum. In order to qualify for reimbursement, private coverage must cover physician and hospital inpatient services. Those who choose direct coverage will receive a comprehensive package of benefits that are substantially the same as that available to their children. They will receive the benefit package approved as part of the State's Title XXI plan for children with family income between 133% and 185% of poverty. This is the Medicaid benefit package without home and community-based waiver services and abortion services.

2. Uninsurable Individuals Covered by the Illinois Comprehensive Health Insurance Plan (Expansion - New Population)

ICHIP provides three health coverage options – a Preferred Provider Option (PPO), a standard indemnity plan, and a plan for persons enrolled in Parts A and B of Medicare. Covered services include:

- hospital;
- professional medical including age appropriate immunizations, without dental or hospice;
- second surgical opinion;
- outpatient drugs;
- radium & other radioactive materials;
- oxygen;
- anesthesia;
- orthoses and prostheses other than dental;
- durable medical equipment; diagnostic services;
- limited oral surgical services;
- physical, speech and functional occupational therapy;
- emergency or medically necessary transportation;
- skilled nursing facility care;
- home health care;
- hospice care;
- mental illness or substance abuse rehabilitation treatment; and,
- specified organ or tissue transplant benefits.

3. State Renal Program – (Expansion – New Population)

Persons in the State Renal Program receive assistance for costs associated with:

- Outpatient or home renal dialysis procedures,
- Prescribed medication and/or transportation to and from the site of dialysis or the site of outpatient post transplantation care when such needs are defined as emergency situations by the physician and social worker in the approved facility, and
- Laboratory tests related to the patient's status after transplantation.

4. State Hemophilia Program – (Expansion – New Population)

For patients under 21 years of age, the Department only covers the cost of blood clotting factor. The University of Illinois, Division of Specialized Services for Children, covers all other services.

For patients 21 or older, the Department will cover the cost of physician care and the following services as used in the treatment of eligible persons for hemophilia:

- Blood derivatives and coagulant factor replacement for use in hospitals, in medical and dental facilities, or at home,
- Outpatient hospital hemophilia-related medical services,
- Physician visits for hemophilia-related medical services,
- Comprehensive Evaluations at a certified hemophilia center, and
- Medical supplies and appliances used in the treatment of eligible persons for hemophilia.

5. Insured Children and Insured Parents – (Existing Optional, New Optional and Expansion Populations)

Insured children and parents in optional and expansion categories will choose between:

- Premium assistance for private health insurance coverage, and
- The benefit package specified in the approved Title XIX state plan and the amendment to Illinois' Title XXI state plan, whichever is applicable, if they drop their insurance.

6. Parents and Children with Access to State Employee Insurance – (Expansion – New Population)

Parents and children with access to state employee insurance and income at or below 185% of poverty will choose between:

- Premium assistance for private health insurance coverage, and
- The benefit package specified in the approved Title XIX state plan and the amendment to Illinois' Title XXI state plan, whichever is applicable, if they drop their insurance.

Attachment D

Private Health Insurance Coverage Options

A difficult challenge the federal government and states have faced in expanding health care coverage has been how to provide more coverage without causing current payers to retrench, forcing more families into government-sponsored care. Illinois has taken a relatively novel approach to this concern by providing largely hassle-free KidCare Rebate premium assistance to families whose children have private health insurance coverage. KidCare Rebate has successfully contributed to reducing the number of uninsured children throughout the State, and currently covers 5,779 children in the 133% to 185% of poverty income range.

KidCare Rebate strongly supports the HIFA objective of emphasizing "coordinated private and public health insurance coverage options to the low income uninsured". The philosophy underlying the design of KidCare Rebate is that families who have already invested in health insurance for their children should not be penalized for having done so. By recognizing their efforts and providing a modest subsidy, KidCare Rebate reduces crowd-out as it allows families to maintain their private insurance while receiving government assistance. As a result, the State has reduced the incentive to drop employer-based insurance to qualify for SCHIP.

Under the waiver proposal, the State seeks to expand premium assistance. Illinois will integrate employer-based insurance and state-administered health benefits coverage by offering KidCare Rebate to optional categories of parents and children.

Employer-based insurance has many benefits that state-administered plans do not – it allows for continuation of coverage after families have moved out of the KidCare income range; it allows employer contributions for health insurance in addition to government funding; it encourages low-income families to work because, as is the case for most American families, health insurance often comes with the job.

Under the proposal, Illinois will provide premium assistance for private coverage that is comprehensive, covering physician visits and hospital inpatient services. Illinois will not, however, require cost sharing limits consistent with Titles XIX or XXI, nor will the State apply benefit requirements of the two Titles. The State will not establish a minimum level of employer contribution.

Illinois will take several steps to ensure access to immunizations for KidCare Rebate children. According to the Illinois Department of Insurance, 75% of indemnity plans cover immunizations. With many families covered by managed care plans that include immunization coverage, well over 75% of insurance products offered in Illinois cover immunizations. Illinois will help families without such coverage get the immunizations their children need. Illinois is considering the following options for helping these families.

- Including notices with Rebate checks. The letters, which advise families about the importance of immunizations, will offer families assistance in finding low-cost providers, such as the assistance available from the Illinois Department of Public Health. IDPH operates a hotline to direct families needing immunization providers to the clinics participating in the Vaccines For Children program and provide other important information related to immunizations.

- Through the KidCare hotline, directing parents to low-cost providers in their areas, including local health departments and community health centers.

- Additionally, families who apply for KidCare Rebate and are uninsured at the time they apply will be matched under Title XXI. For these children, if other attempts are unsuccessful in helping families find affordable immunization services, Illinois will reimburse providers, at state rates, for the costs of providing immunizations.

  Illinois is a large state with a complex and diverse health insurance market. The costly administrative burden associated with applying benchmark equivalency standards and tracking employer contributions is simply not cost-effective. Under this proposal, the State will show that the combined choices of families and employers will assure sufficient scope of benefits to low-income families.

  Families are in the best position to make good economic choices regarding health care. Working families consider out-of-pocket costs, covered benefits, delivery system requirements, and participating providers when deciding whether employer-based or private insurance suits their needs. KidCare families should be treated no differently. With a multitude of avenues for families to get information about their KidCare options – KidCare Application Agents, KidCare hotline, KidCare website, local offices and more – KidCare families should be trusted to decide whether to use employer-based or private insurance when available. They should be allowed this option even if their out-of-pocket costs are higher than traditionally permitted by Medicaid or if the benefits are not as broad. The resulting continuity in coverage and continued relationship with trusted providers can be expected to result in better health outcomes over time.

  How KidCare Rebate Works

  Information Gathered with Application
  Families with children covered by private insurance, or those with access to private insurance, complete the Rebate form as part of the KidCare application. The Rebate form has two parts, one to be completed by the policyholder and one to be completed by the policyholder's employer or insurance agent. This second part provides KidCare with third party verification of insurance coverage dates, premium amounts paid by the policyholder, frequency of policyholder premium payments, policyholder premium amounts by person and whether physician and inpatient hospital benefits are covered services. If policyholder premium amounts are not by person, KidCare prorates premium amounts equally to each covered person. In determining eligibility, KidCare excludes the premium amount paid by the employer.

  The policyholder's Social Security Number is required for each KidCare Rebate family. Without this, the State Comptroller cannot make payments to the policyholder. The State asks CMS to approve a waiver of federal regulations that prohibit States from requiring Social Security Numbers of persons not requesting coverage. This waiver would only apply to policyholders of KidCare Rebate individuals.

  Rebate Calculation
  If an eligible family has qualifying coverage, including physician and inpatient hospital benefits, the premium amount allocated to each eligible family member is reimbursed to the family, up to a current maximum of $75 per month per eligible family member. State law provides for the maximum to be set at a level that ensures that the average Rebate payment does not exceed the average payment for KidCare Share and KidCare Premium coverage, two of Illinois' state administered plans.

  Monthly Rebate Payment
  At the beginning of each month, a Rebate check is sent to the policyholder for reimbursement of that month's policyholder premium costs for covering eligible family members. The family is notified at approval that any changes in the family members receiving insurance coverage or changes in the amount of the insurance premium must be reported to KidCare. In addition, after the fourth month of the enrollment period, a modified version of the Rebate form is sent directly to the employer or insurance agent to re-verify coverage and costs. During the 10th month of the enrollment period, the

family receives a Rebate form along with their renewal form. Both forms must be returned in order for the family to receive another twelve months of premium assistance. If any information indicates that a Rebate family does not have insurance for which they were reimbursed, the family's premium assistance is cancelled. Families are notified that they must repay KidCare for all Rebates paid to the family for months in which the insurance coverage was not in effect.

Family Choice

Illinois proposes to offer optional categories of KidCare eligible parents and children, other than pregnant women, who have access to private health insurance, the option to choose either KidCare Rebate or direct coverage. This choice, without any waiting periods, would be available to Medicaid and SCHIP families and would allow for the maximum integration of private health insurance coverage with Medicaid and SCHIP. Allowing insured families to drop insurance in order to have immediate direct coverage will reduce uninsurance rates by providing that no family interested in KidCare will have an incentive to drop current coverage. (Illinois will separately submit a Title XXI State Plan Amendment to drop the current three-month waiting period.)

Illinois will implement several strategies to promote KidCare Rebate and to inform families of their options in choosing between KidCare Rebate and state administered KidCare plans. Illinois will provide information about this choice:

- With the KidCare application;
- Through the KidCare hotline;
- Through the 1300 community KidCare Application Agents; and,
- Through all other KidCare outreach initiatives including public presentations, at health fairs, etc.

Attachment E

Cost Sharing Limits for Expansion Populations

1. Parents of KidCare Eligible Children (Optional – Additional Population)

Illinois will incorporate cost sharing into its program expansion for families who choose direct coverage.

- Copayments –
  - For non-pregnant adults with income at or below 133% of poverty, copayments will be $2 for physician visits, $1 for generic prescriptions and $3 for brand-name prescriptions and hospital stays.
  - For families with income above 133% and at or below 185% of poverty, parent copayments will be the same as existing copayments for children that vary according to income level. Families with income above 133% and at or below 150% or poverty will pay $2 for each medical visit or prescription. Adults will have one copayment that children don't have, $3 per hospital stay.
  - Families with income above 150% and at or below 185% of poverty pay $3 for each generic prescription, $5 for each medical visit or name brand prescription and $25 for each emergency room use for a non-emergency. Parents with income at or below 133% of poverty will pay the same copayments as Medicaid adults. These are $2.00 for each visit to a physician, podiatrist or optometrist, $3.00 for each name brand prescription, and $1.00 for each generic prescription. Adults will have one copayment that children don't have, $3 per hospital stay.
- Premiums – Once parents with income above 150% of poverty are phased-in, families above 150% and at or below 185% of poverty will pay one of five levels of premiums based on the number of covered family members. A family will pay $15 a month for one covered family member, $25 for two, $30 for three, $35 for four, and $40 for five or more.

Parents who choose premium assistance through KidCare Rebate will have cost sharing requirements as set by their private or employer based insurance coverage.

2. Uninsurable Individuals Covered by the Illinois Comprehensive Health Insurance Plan (Expansion - New Population)

In 2000, ICHIP enrollees paid an average of $3,800 in annual premiums. Premiums vary by gender, age, area of residence and deductible amount. Enrollees can choose from four deductible amounts - $500, $1,000, $1,500, and $2,500. Coinsurance is 20% for preferred providers and 40% for other providers.

3. State Renal Program – (Expansion – New Population)

The State Renal Program is the payer of last resort after Medicare and/or private insurance and if the patient is not eligible for Medicaid. A majority of the patients in the Renal Program do not have to pay a patient participation fee. For instance if the patient's only income is social security disability and they do not file a tax return, their patient participation is automatically $0 and the Program pays. The patient participation fee is figured three ways in a lengthy two-page formula. The lowest amount calculated is used. Information used to make a financial determination is the family's adjusted gross income from their tax return, number in the family, ages of the family members and if they live in a metropolitan or non-metropolitan area. Deductions to income are: family medical expenses for the past 12 months that they owe or have paid; cost of transportation to and from dialysis; special care for children (such as cost of babysitter while at dialysis, wheelchair for child, etc.); support paid; state and federal taxes paid; insurance premiums paid; and work expenses.

4. State Hemophilia Program – (Expansion – New Population)

The State Hemophilia Program is a payer of last resort after Medicare and/or private insurance and if the patient is not eligible for Medicaid. Patients that do not have taxable income (such as Social Security Disability) and do not have to file a tax return are automatically given a $0.00 annual participation fee. For those with taxable income, participation fees are calculated in two ways and the lesser of the two amounts is used. One calculation divides base income by two and then multiples the result by 20 %. The other calculation reduces base income by $5,500 and by $3,500 for each family member. The result is then multiplied by 20%.

5. Premium Assistance for Medicaid and SCHIP – (Separate Program Children)

Parents who choose premium assistance through KidCare Rebate for their children or for themselves, if eligible, will have cost sharing requirements as set by their private or employer based insurance coverage.

6. Program for Families with Access to State Employee Insurance – (Expansion – New Population)

Children and parents with access to state employee insurance and income above 133% of poverty who choose direct coverage will have copayment responsibilities the same as KidCare Share and Premium children. Parents with access to state employee insurance and income above the MANG standard but at or below 133% of poverty will have copayment responsibilities the same as other Medicaid adults.

Parents who choose premium assistance through KidCare Rebate for their children or themselves, if eligible, will have cost sharing requirements as set by their private or employer based insurance coverage.

Attachment F

Reducing the Rate of Uninsurance

Illinois is conducting a population survey to determine the estimated number of parents that will be eligible for this expansion. The results of the survey will determine the targets that Illinois should set for reducing the State's rate of uninsurance. With the magnitude of this proposal, absent other factors it will have the effect of reducing the uninsurance rate.

Attachment G

Budget Worksheets

Title XXI		$ in millions					
			Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
		FFY02	**FFY03**	**FFY04**	**FFY05**	**FFY06**	**FFY07**
FFP Earned							
SCHIP Kids – Base							
FFY01 4th Qtr FFP Actual w/admin	$8.4						
Annualized	$33.6						
FFP - With 4% Annual Growth		**$34.8**	**$36.2**	**$37.6**	**$39.1**	**$40.7**	**$42.3**
SCHIP Kids - Growth from Parent Coverage							
FFP - 12% of Base			**$4.3**	**$4.5**	**$4.7**	**$4.9**	**$5.1**
SCHIP Kids – Premium Assistance							
FY02 Spending		$4.2					
1% Uninsured at Intake to Rebate		$0.0					
With 4% Annual Growth			$0.0	$0.0	$0.0	$0.0	$0.1
65% FFP			**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**
State Health Benefits Programs							
Uninsurable (32% under 185% FPL)	32%	$29.6	$9.5				
Renal (96% under 185% FPL)	96%	$2.8	$2.7				
Hemophilia (87% under 185% FPL)	87%	$3.5	$3.0				
Recent Legal Immigrant Children							
Total		$35.9	$15.2				
Estimate w/4% Annual Growth			$15.8	$16.4	$17.1	$17.8	$18.5
FFP - 65%			**$10.3**	**$10.7**	**$11.1**	**$11.6**	**$12.0**
Parents Coverage							
# Parents Eligible	335,089						
80% participation rate	268,071						
Avg Monthly Enrollment			19,500	39,000	106,607	174,214	268,071
% Taking Direct Coverage			70%	70%	60%	55%	50%
Direct Coverage Avg Mo Enrollment			13,650	27,300	63,964	95,818	134,036
Annual cost ($113.6 per month FY03)			$1,363.2	$1,417.7	$1,474.4	$1,533.4	$1,594.8
Total Cost in Millions			$18.6	$38.7	$94.3	$146.9	$213.8
FFP on Services			$12.1	$25.2	$61.3	$95.5	$138.9
Admin FFP			$3.0	$3.0	$3.0	$3.0	$3.0
Total FFP			**$15.1**	**$28.2**	**$64.3**	**$98.5**	**$141.9**
FFP Grand Total		**$34.8**	**$65.9**	**$81.0**	**$119.3**	**$155.7**	**$201.4**
SCHIP Allotment							
For Year (FFY03-07 estimated)*		$127.2	$129.4	$129.4	$166.9	$166.9	$205.3
* Based on Center on Budget and Policy Priorities estimated Annual % Increase for Illinois							
Unspent One Year Back		$159.8	$127.2	$129.4	$129.4	$166.9	$166.9
Unspent Two Years Back		$137.5	$159.8	$127.2	$129.4	$129.4	$140.6
Redistributed Amounts		$51.1					

Total		$475.6	$416.4	$386.0	$425.7	$463.2	$512.8
Allotment Over Spending		$440.8	$350.5	$305.0	$306.4	$307.5	$311.4
Unused Allotment to Carry Forward		$287.0	$256.6	$258.8	$296.3	$307.5	$311.4
For Year		$127.2	$129.4	$129.4	$166.9	$166.9	$205.3
One Year Back		$159.8	$127.2	$129.4	$129.4	$140.6	$106.1

Title XIX		$ in millions					
			Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
		FFY02	**FFY03**	**FFY04**	**FFY05**	**FFY06**	**FFY07**
FFP Earned							
SCHIP Kids – Premium Assistance							
FY02 Spending		$4.2					
99% Insured at Intake to Rebate		$4.2					
With 4% Annual Growth			$4.3	$4.5	$4.7	$4.9	$5.1
50% FFP			**$2.2**	**$2.2**	**$2.3**	**$2.4**	**$2.5**
State Employee Kids							
100 at $1,363.2 a year			$0.1	$0.1	$0.1	$0.2	$0.2
50% FFP			**$0.1**	**$0.1**	**$0.1**	**$0.1**	**$0.1**
Parents Coverage							
# Parents Eligible ..	335,089						
80% participation rate	268,071						
Avg Monthly Enrollment			19,500	39,000	106,607	174,214	268,071
% Taking Rebate or State Employees			30%	30%	40%	45%	50%
Direct Coverage Avg Mo Enrollment			5,850	11,700	42,643	78,396	134,036
$113.6 per month FY03 cost			$1,363.2	$1,417.7	$1,474.4	$1,533.4	$1,594.8
Total Cost in Millions			$8.0	$16.6	$62.9	$120.2	$213.8
50% FFP on Services			$4.0	$8.3	$31.4	$60.1	$106.9
Admin FFP - 50%			$3.0	$3.0	$3.0	$3.0	$3.0
Total FFP			**$7.0**	**$11.3**	**$34.4**	**$63.1**	**$109.9**
FFP Grand Total			**$9.2**	**$13.6**	**$36.8**	**$65.6**	**$112.5**

Page Intentionally Left Blank

Illinois Parent Coverage – HIFA Waiver Budget – Title XXI Funds

$ in millions						
	Previous	Federal	Federal	Federal	Federal	Federal
	FFY02	FY03	FY04	FY05	FY06	FY07
State's Allotment	$ 127.2	$ 129.4	$ 129.4	$ 166.9	$ 166.9	$ 205.3
Funds Carried Over From Prior Year(s)	$ 297.3	$ 287.0	$ 256.6	$ 258.8	$ 296.3	$ 307.5
SUBTOTAL (Allotment + Funds Carried Over)	$ 424.5	$ 416.4	$ 386.0	$ 425.7	$ 463.2	$ 512.8
Reallocated Funds (Redistributed or Retained that are Currently Available)	$ 51.1	$ -	$ -	$ -	$ -	$ -
TOTAL (Subtotal + Reallocated funds)	$ 475.6	$ 416.4	$ 386.0	$ 425.7	$ 463.2	$ 512.8
State's Enhanced FMAP Rate	65%	65%	65%	65%	65%	65%
COST PROJECTIONS OF APPROVED SCHIP PLAN						
Benefit Costs						
Insurance payments	$ -	$ -	$ -	$ -	$ -	$ -
Managed care	$ 3.24	$ 3.37	$ 3.50	$ 3.64	$ 3.79	$ 3.94
per member/per month rate @ # of eligibles						
Fee for Service	$ 46.18	$ 48.03	$ 49.95	$ 51.95	$ 54.03	$ 56.19
Total Benefit Costs	$ 49.42	$ 51.39	$ 53.45	$ 55.59	$ 57.81	$ 60.12
(Offsetting beneficiary cost sharing payments)	$ (1.17)	$ (1.22)	$ (1.37)	$ (1.42)	$ (1.48)	$ (1.54)
Net Benefit Costs	$ 48.24	$ 50.17	$ 52.18	$ 54.27	$ 56.44	$ 58.70
Administration Costs						
Outreach	$ 0.11	$ 0.11	$ 0.16	$ 0.16	$ 0.17	$ 0.18
Administration	$ 5.18	$ 5.38	$ 5.64	$ 5.87	$ 6.10	$ 6.34
Total Administration Costs	$ 5.28	$ 5.50	$ 5.72	$ 5.94	$ 6.18	$ 6.43
10% Administrative Cap	$ -					
Federal Title XXI Share	$ 34.79	$ 36.19	$ 37.63	$ 39.14	$ 40.70	$ 42.33
State Share	$ 18.74	$ 19.48	$ 20.26	$ 21.07	$ 21.92	$ 22.79
TOTAL COSTS OF APPROVED SCHIP PLAN	$ 53.53	$ 55.67	$ 57.90	$ 60.21	$ 62.62	$ 65.13

COST PROJECTIONS OF HIFA DEMONSTRATION PROPOSAL						
Benefit Costs for State Health Programs*						
Insurance payments	$ -	$ -	$ -	$ -	$ -	$ -
Managed care	$ -	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10
per member/per month rate @ # of eligibles						
Fee for Service	$ -	$ 15.70	$ 16.30	$ 17.00	$ 17.70	$ 18.40
Total Benefit Costs for Waiver Population #1	$ -	$ 15.80	$ 16.40	$ 17.10	$ 17.80	$ 18.50
Benefit Costs for Parents						
Insurance payments	$ -	$ -	$ -	$ -	$ -	$ -
Managed care	$ -	$ 1.23	$ 2.55	$ 6.22	$ 9.70	$ 14.11
per member/per month rate @ # of eligibles						
Fee for Service	$ -	$ 17.37	$ 36.15	$ 90.22	$ 139.42	$ 202.01
Total Benefit Costs for Waiver Population #2	$ -	$ 18.60	$ 38.70	$ 96.44	$ 149.12	$ 216.12
Base Growth, Insured Children						
Insurance payments	$ -	$ -	$ -	$ -	$ -	$ -
Managed care	$ -	$ 0.44	$ 0.46	$ 0.48	$ 0.50	$ 0.51
per member/per month rate @ # of eligibles						
Fee for Service	$ -	$ 6.31	$ 6.60	$ 6.89	$ 7.19	$ 7.47
Total Benefit Costs for Waiver Population #3	$ -	$ 6.75	$ 7.06	$ 7.37	$ 7.68	$ 7.98
Total Benefit Costs	$ -	$ 41.15	$ 62.16	$ 120.91	$ 174.60	$ 242.60
(Offsetting beneficiary cost sharing payments)		$ (0.15)	$ (0.16)	$ (2.31)	$ (2.40)	$ (2.50)
Net Benefit Costs	$ -	$ 41.00	$ 62.00	$ 118.60	$ 172.20	$ 240.10
* net of beneficiary cost sharing						
Administration Costs						
Outreach	$ -	$ 1.54	$ 1.56	$ 1.54	$ 1.54	$ 1.54
Administration	$ -	$ 3.07	$ 3.08	$ 3.07	$ 3.07	$ 3.07
Total Administration Costs	$ -	$ 4.61	$ 4.64	$ 4.61	$ 4.61	$ 4.61
10% Administrative Cap						
Federal Title XXI Share	$ -	$ 29.65	$ 43.31	$ 80.09	$ 114.93	$ 159.06
State Share	$ -	$ 15.96	$ 23.32	$ 43.12	$ 61.88	$ 85.65
TOTAL COSTS FOR DEMONSTRATION	$ -	$ 45.61	$ 66.64	$ 123.21	$ 176.81	$ 244.71
TOTAL FFP COSTS (State Plan + Demonstration)	$ 34.79	$ 65.83	$ 80.95	$ 119.23	$ 155.63	$ 201.40

Total Federal Title XXI Funding Currently Available (Allotment + Reallocated Funds)		$ 416.40	$ 386.00	$ 425.70	$ 463.20	$ 512.80
Total Federal Title XXI Program Costs (State Plan + Demonstration)		$ 65.83	$ 80.95	$ 119.23	$ 155.63	$ 201.40
Unused Title XXI Funds Expiring (Allotment or Reallocated)		$ 350.57	$ 305.05	$ 306.47	$ 307.57	$ 311.40
Remaining Title XXI Funds to be Carried Over (Equals Available Funding - Costs - Expiring Funds)		$ 256.60	$ 182.80	$ 98.60	$ 4.50	$ -
Note: Federal Fiscal Year (FFY) 2001 is October 1, 2000 through September 30, 2001.						

Attachment H

Additional Waivers

Illinois requests approval of KidCare Rebate premium assistance for optional categories of children and parents on KidCare. Thus, Illinois seeks waivers of cost sharing and benefit package requirements in Titles XIX and XXI, Title XXI requirements regarding employer contribution amounts, and any other waivers that may be required.

Illinois seeks authority for continuous financial eligibility for some expansion populations.

Illinois also seeks the waiver of the Title XXI provision that makes state employees and their children ineligible for SCHIP by covering these persons under Title XIX. Illinois has found that this provision unnecessarily complicates the program. In the last two and a half years, The Central KidCare Unit has denied coverage to families as a result of a family member's employment with the state on 133 occasions. That is about 50 times a year. Assuming that each family has two eligible persons, it is estimated that this waiver request would add 100 enrollees a year to KidCare. This change is so insignificant that it would not add measurable costs to the program. Allowing coverage for children and parents with access to state employees insurance will remove another eligibility difference between Medicaid and SCHIP plans. This simplifies outreach and administration. Also, it will remove the current inequity that allows local and federal government employees to be eligible for KidCare while state employees are not.